

How do agricultural soils store carbon? – Plants absorb carbon dioxide (CO₂) from the atmosphere, then use sunlight and water to create carbon molecules like sugars and plant tissue. As plant roots die, the carbon molecules in the roots remain underground unless they are exposed to the air through tillage or other disturbance. Grasslands are a rich storehouse of soil carbon.

What are greenhouse gases? – Greenhouse gases are part of the atmosphere. They trap heat from the sun as it is reflected off of the earth’s surface. Humans have markedly increased the concentration of some greenhouse gases like CO₂, resulting in significant warming of the earth’s atmosphere. This warming is likely to cause events like sea level rise, drought, an increase in extreme weather events, and other undesirable consequences.

How Does DU’s Carbon Credit Program work? – DU’s carbon program is for landowners who are interested in enrolling their land in the U.S. Fish and Wildlife Service’s (FWS) Grassland Easement program. Because FWS Grassland Easements prohibit the land from being plowed, the existing soil organic carbon will never be exposed to the atmosphere, and therefore will remain “sequestered”.

Ducks Unlimited will provide payment to landowners who wish to enroll their land in the FWS Grassland Easement program, and who are also interested in optioning the carbon rights under the eased acres to DU. The carbon payment is over and above the payment for the easement, is made through separate agreements between the landowner and DU, and is not a part of the easement document.

Why has Ducks Unlimited started this carbon program? – Global climate change will have significant, negative effects on ducks. In addition, ducks need large expanses of grassland for successful nesting, and there is a waiting list of landowners interested in selling easements to secure grasslands. With the emergence of new markets for carbon credits, Ducks Unlimited is attempting to raise additional funds for easements through the sale of carbon based on the avoided loss of grassland.

How does the sale of carbon credits affect land sales or transfers? – The sale of the carbon credits is permanent, and therefore runs with the land and is an obligation on future landowners. This is consistent with the permanent nature of the Grassland Easement.

What, exactly, would I be selling? – Participants in DU’s Carbon Credit program will be selling the avoided loss of carbon from the soil, and the avoided emissions from tractors, combines and fertilizers that are associated with growing crops but not associated with pasture or hayland. In other words, landowners will be paid for keeping their soil carbon intact and not contributing further to global climate change.

What kinds of land qualify for the program? – Grassland that will be enrolled in a FWS Grassland Easement and that is not enrolled in any other carbon sequestration program and that is either native prairie, re-established grass, expired CRP or CRP expiring within the terms of the option, other tame grasses excluding monotypic alfalfa fields and wetlands.

Why does the contract read “Greenhouse Gas Rights and Credits” and not “Carbon Credits”? – Carbon dioxide (CO₂) is the most important greenhouse gas that will not be emitted when your land stays in grass. However, emissions of other greenhouse gases like methane and nitrous oxide are also avoided when traditional cropping does not occur. We acknowledge the avoided release of all of these greenhouse gases by the term “Greenhouse Gas Credits and Rights”.

When would I get paid for the carbon credits? – Once the easement is completed and recorded, DU will pay the landowner for the five year option on the Greenhouse Gas Rights and Credits. The initial option payment will amount to \$1 per acre eligible for the Carbon Credit Program. If the option is exercised an additional payment will be made to convey the Greenhouse Gas Rights and Credits to DU.

What about the wetlands – are you buying carbon on those too? – Yes, even though scientists have yet to determine the net greenhouse gas effect of wetlands. In anticipation that there may be some future value for carbon associated with wetlands protection, and to simplify program administration, DU will purchase options on carbon on small wetlands located within the grassland easement boundary. The payment schedule will be the same as for grasslands. Carbon credits will not be purchased on large, permanent wetlands or lakes.

What will happen to the credits after DU acquires them? – DU will accumulate options to credits from numerous landowners then market the credits to potential buyers. The sale of the credits provides DU with some of the funds used to acquire the Grassland Easements associated with this project.

How much will DU pay? -- DU will pay an additional \$19 per acre on the cover type(s) that it decides to exercise the option on. Options will be exercised based on market demand for the given land cover type(s). Thus the total payment will be \$20 for the cover type(s) purchased.

Why \$20 per acre? -- The \$20 payment is based upon expected saleable credits sold on an annual basis, given current rules and methodologies of the carbon market. For further details on carbon credit quantification see DU’s third party audited project description document at www.climatestandards.org/projects .

For example, avoided loss of native prairie currently has the greatest potential market. Based on the current methodologies in the document referenced above, between 0.06-0.85 metric tons of carbon dioxide equivalent (MTCO₂e) per acre per year will be realized by the project, totaling 10.5 MTCO₂e/acre over a 20 year period. The \$20 payment approximates the net present value of a \$4.00 payment per MTCO₂e at time of avoided carbon release, discounted at 7% over the 20 year period.

If the land is sold within the 5 year option period, who will receive the payment? -- The current landowner of record at the time the option is exercised will receive the \$19 per acre payment.

Why can’t I enroll CRP that is still under a long term contract? -- If your CRP is still under a long term contract, the view of the carbon market is that the soil carbon is already secured by virtue of the CRP enrollment (which prohibits plowing). Therefore, purchasing carbon rights on current long term CRP acres would not provide any additional benefits beyond those afforded by the CRP contract. However, the carbon remaining in grassland after the CRP contract expires could be plowed, and therefore purchasing the carbon rights to avoid the loss of that soil organic matter provides additional benefits.

Can I wait and sell these carbon credits at a later time? –Not unless the rules of the carbon markets change. Once an easement is placed on the grassland, plowing is prohibited and therefore the soil carbon is secured. Purchasing carbon credits in the future, after the easement is in place, would not afford any additional protection against carbon loss. However, signing the option preserves the additionality of the carbon credits.

If I sell my carbon to DU now, can I re-sell that carbon again sometime in the future? -- The DU option secures the greenhouse gas rights and credits for five years. During that time a landowner may sell or option those rights to another entity but must fully reimburse DU all costs associated with the option and the easement. At the end of the five year option period, the landowner has the right to renegotiate the option with DU or sell the rights to another party.

Will the carbon transaction become a part of the easement? -- No. The stipulations of the U.S. Fish and Wildlife Service Grassland Easement prevent the loss of carbon, but there is no encumbrance of the carbon rights in the easement document, nor is there reference to the associated carbon agreement between the landowner and Ducks Unlimited. DU's carbon option and conveyance agreement makes reference to the easement as the basis for securing the carbon, but are separate agreements between DU and the landowner.

How would the sale of carbon affect other property rights and my ability to manage my land? -- There will be no other restrictions beyond those stipulated by the grassland easement. In general, those restrictions are that the grassland cannot be destroyed, and haying must be delayed until after July 15th.

How will the carbon credits be verified and monitored? -- The U.S. Fish and Wildlife Service monitors their easements for compliance annually. Because the terms of the easement secure the carbon, continued compliance with the easement is sufficient for verification of the carbon credits. No soil sampling or similar sampling protocols are anticipated.

Can I sell a grassland easement to the U.S. Fish and Wildlife Service without selling carbon credits to DU? -- Yes. However, be aware that funding from traditional sources is insufficient to address the current demand for easements, and many landowners are already on the waiting list. Ducks Unlimited has funding to buy both carbon credits and easements (the easements will still be held by the FWS), and can provide immediate funding for landowners who wish to do both.

In the case of rented land, does the landowner or tenant get paid for the credits? -- The landowner is paid, since the carbon is associated with a perpetual Grassland Easement, executed by the landowner but with acknowledgement from tenant(s).

How does this program differ from that offered by the North Dakota Farmers Union? -- The DU program pays the landowner for the perpetual preservation of certain cover types (native prairie, tame grass, reestablished grass and wetlands). The NDFU program provides small annual payments, on a short term basis for certain management practices, such as no-till, grass seeding and range management.

Can I participate in this program if I already have a carbon credit agreement with the NDFU or somebody else? -- If you are participating in another carbon offset program, you are not eligible for DU's carbon program.

To learn more, or to enroll in the program, go to <http://www.ducks.org/carboncredits> or contact the following individuals at Ducks Unlimited's Bismarck Office:

Randy Renner, Manager of Conservation Programs
Kevin Brown – Realty Specialist
Dave Campbell – Realty Specialist
Tom Doppler – Realty Specialist

Phone 701-355-3500.

Ducks Unlimited's Carbon Credit Program



In brief:

Funds are available for landowners who want to enroll in the U.S. Fish and Wildlife Service's Grassland Easement program and at the same time want to sell an option on the carbon credits to Ducks Unlimited.

DU will make a payment for an option on the carbon credits on top of the easement payment, and the option will be for a period of five years. DU will pay \$1 per acre for the option. If DU decides to exercise the option on any one or more cover types at any time during the five years there will be an additional payment and conveyance agreement signed.

The carbon payment once exercised will be an additional \$19/acre for each cover type exercised and could include: native prairie grassland; re-seeded grassland; expired CRP; and wetlands placed under easement.

The payment is for “avoiding the loss” of soil carbon. It is a permanent conveyance of those carbon credits, which are currently marketable only when done in association with a perpetual grassland easement.

This is a unique circumstance with limited funding available. Now is the time to consider this opportunity!